

Message Text

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ORIGIN XMB-04

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FM SECSTATE WASHDC

TO AMEMBASSY MEXICO

UNCLAS STATE 115231

E.O. 11652: N/A

TAGS: APUB, MX

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO COMPANIA HULERA
EUKADI

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-
IMPORT BANK RELEASE ON THE DIRECT CREDIT OF \$3,680,000 TO
COMPANIA HULERA EUKADI. RELEASE IS SCHEDULED FOR ANNOUNCEMENT
HERE IN WASHINGTON, DC FOR AM PAPERS, THURSDAY, MAY 29, 1975.

QUOTE: EXIMBANK CREDIT OF \$3,680,000 SUPPORTS \$9.2 MILLION
SALE OF U.S. EQUIPMENT FOR TIRE PLANT OF MEXICAN COMPANY

THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED
STATES HAS AUTHORIZED A DIRECT CREDIT OF \$3,680,000 TO FINANCE
40 PERCENT OF THE TOTAL U.S. COSTS OF \$9.2 MILLION FOR U.S. GOODS
AND SERVICES REQUIRED IN CONNECTION WITH THE EXPANSION OF
TIRE AND GENERAL PRODUCTS PLANTS IN MEXICO, ACCORDING TO
EXIMBANK'S CHAIRMAN WILLIAM J. CASEY. A CREDIT OF \$4.6
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MILLION FROM PRIVATE SOURCES NOT YET DESIGNATED WILL FINANCE
50 PERCENT OF THE U.S. COSTS. THE OBLIGOR, COMPANIA HULERA
EUKADI, WILL MAKE CASH PAYMENT OF THE BALANCE OF THE U.S.
COSTS OF 10 PERCENT OR \$920,000.

FOUNDED IN 1928, EUZKADI IS AFFILIATED WITH THE B.F. GOODRICH COMPANY. IT PRODUCES TIRES AND INDUSTRIAL RUBBER PRODUCTS AND, SINCE 1969, HAS BEEN THE RECIPIENT OF TWO PREVIOUS EXIMBANK DIRECT CREDITS TOTALLING SOME \$9.9 MILLION.

THE CURRENT PROJECT CONSISTS OF DESIGN, CONSTRUCTION AND EQUIPMENT FOR THREE FACILITIES IN MEXICO INVOLVED PRIMARILY IN AUTOMOBILE TIRE PRODUCTION. OTHER ACTIVITIES INCLUDE THE MANUFACTURE OF TRUCK, MOTORCYCLE, AND BICYCLE TIRES AND OTHER COMMERCIAL AND INDUSTRIAL RUBBER PRODUCTS. THE PLANTS ARE LOCATED IN MEXICO CITY, GUADALAJARA, AND LA PRESA. EXIMBANK'S FINANCING COVERS EQUIPMENT ONLY.

U.S. PURCHASES ARE EXPECTED TO INCLUDE BANBURY MIXERS, VARIOUS TIRE BUILDING MACHINES, VULCANIZERS, EXTRUDERS AND PRESSES. DLIVERIES ARE SCHEDULED FOR COMPLETION BY JULY 1975. B.F. GOODRICH COMPANY OF AKRON, OHIO WILL ASSIST IN ENGINEERING AND PROCUREMENT SERVICES. IT IS EXPECTED THAT NUMEROUS U.S. SUB-SUPPLIERS NOT YET FIRMLY DESIGNATED WILL FURNISH EQUIPMENT.

THE LOANS ARE TO BE REPAID IN 16 SEMIANNUAL INSTALLMENTS BEGINNING MAY 31, 1977. EXIMBANK'S DIRECT CREDIT OF \$3,680,000 WILL BE REPAID OUT OF A PORTION OF THE 9TH INSTALLMENT AND ALL OF INSTALLMENTS 10 THROUGH 16, WITH INTEREST AT THE RATE OF 8 PERCENT PER ANNUM, WHICH BLENDED WITH THE PORTION OF THE CREDIT FROM PRIVATE SOURCES RESULTS IN AN ESTIMATED INTEREST COST TO THE BORROWER BASED ON CURRENT RATES OF ABOUT 8.5 PERCENT TO 8.75 PERCENT PER ANNUM. KISSINGER

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